EXPLANATION OF FILING
FOR
RESPONDENTS' POST HEARING BRIEF

Hearing Dates: April 28 – May 1, 2014

ORIGINAL

To the Arizona Corporation Commission and Commissioners
Bob Stump, Chairman
Gary Pierce
Brenda Burns
Bob Burns
Susan Bitter Smith

And to the Honorable Administrative Law Judge Mark Preny

And to the Attorney for the Division, Ryan J. Millecam

Docket No. S-20837A-12-0061

It is known to the Division and to the Commission that Respondents' Counsel, Arthur Allsworth, passed away during the proceedings of this Case. Judge Preny, in a Post Hearing Conference call gave Respondents, namely Steiner, the option to secure new counsel or to self represent. Additional time was granted for the Respondents to obtain new counsel. However, after unsuccessfully securing new Counsel, Steiner opted to complete the Post Hearing Brief independently.

The Brief is being submitted by Mr. Steiner, as Representative for the Respondents, who is not familiar with the intimate procedures associated with filing a Post Hearing Brief.

Mr. Steiner asks for the understanding and mercy of the Commission, the Honorable Judge Preny and the Division in excusing formalities or other procedures commonly followed in this filing, which may not be known to persons outside the purview of legal filing procedures and formalities with the Arizona Corporation Commission.

The Respondents' Post Hearing Brief has been filed on time and in a format closely resembling that of the Division's Post Hearing Brief in an effort to be acceptable.

Thank you for your understanding and acceptance,

With Regards,

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Respondent's self-defense
due to the passing of Counsel

BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of:	)	Docket No. S-20837A-12-0061
	)	
OUT OF THE BLUE PROCESSORS, LLC, an	)	
Arizona limited liability company, d/b/a	)	Respondent's Post-Hearing Brief
Out of the Blue Processors II, LLC:	)	
	)	Hearing Dates: April 28-May 1 2014
and	)	
MARK STEINER and SHELLY STEINER	)	Assigned to Administrative Law
husband and wife	)	Judge Mark Preny
	)	
Respondents.	)	
	)	
	)	
	)	
	)	

The Respondents OUT OF THE BLUE PROCESSORS, LLC, and MARK and SHELLY STEINER submits their Post-Hearing Brief ("Brief") with respect to the Administrative Hearing held on April 28 - May 1, 2014. This Brief is supported by the following Memorandum of Points, Details and Facts.

INTRODUCTORY STATEMENT

Arizona Corporation Commission (Commission) is an established regulatory body governed by elected Commissioners.

Article 15 of the Arizona Constitution establishes the Arizona Corporation Commission. Arizona is one of only 13 states with elected Commissioners...they also act in a Judicial capacity sitting as a tribunal and making decisions in contested matters.[1]

As an elected body of officials, it is anticipated and expected by their constituents, (the voters, taxpayers, and citizens or Arizona), that the Commission Commissioners would direct its Divisions to act in behalf of, and protect ALL of its constituents against any endeavor or action that may be unjustly, unfairly or deceptively imposed upon those constituents – whether imposed from outside entities or in some cases, from within the Divisions themselves.

It is reasonable to expect that the Divisions and the personnel within the Divisions of the Commission would have achievement objectives and goals specific to their Division and personal interests and growth. It is possible and reasonable to believe, that on some occasions, in the interest of meeting some of those independent achievement goals, a Division or its personnel could lose sight of the balance and equity promised the voters/taxpayers/Arizona citizens (Commission's constituents), and in fact, operate to their "best interests" detriment, which goes against the authority and scope of the Commission and its Divisions. It is therefore incumbent upon the Commission to

[1] www.azcc.gov

protect the best interest of its constituents and ensure fairness, equity and justice regardless from where inequities may originate. It is the obligation and requirement of the Commission to govern in this capacity.

From the Commission's official website, it describes the duties and practices of the Securities Division (Division), or in other words, its mandate:

1. ..."to ensure the integrity of the securities marketplace through investigative actions ... and to minimize the burden and expense of regulatory compliance by legitimate business."[2], and
2. ..."Certain securities dealers, salespersons, investment advisers, and investment adviser representatives are required to register with the Division. The Division reviews these applications and monitors the conduct of investment advisers, dealers, and salespersons; investigates possible violations; and, when the evidence warrants, initiates administrative, civil, or criminal enforcement actions.[3]

As stated in the above two paragraphs, it is understood that the Division is to regulate the "integrity" of the marketplace through "investigation." Marriam-Webster defines "Investigation" as "to observe or study by close examination and systematic inquiry.[4] Item number two above infers by using the word "Certain" that the Division recognizes that some, but not all, securities dealers, salespersons, investment advisers, and investment adviser representatives are required to register with the Division,

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[2] www.azcc.gov/divisions/securities
[3] www.azcc.gov/divisions/securities
[4] "Investigate." *Merriam-Webster.com*. Merriam-Webster, n.d. Web. 20 Nov. 2014. <http://www.merriam-webster.com/dictionary/investigate>.

otherwise the word "certain" would be replaced with the word "all".

It is obvious beyond any reasonable and unbiased conclusion that in the case concerning OUT OF THE BLUE PROCESSORS, LLC (Blue) and MARK and SHELLY STEINER, the Division disregarded its mandates in its pursuit against the Respondents.

It did not properly "investigate" BEFORE it "acted" on its incorrect and unfounded conclusions. The mandate further states that they will only "begin(s) to "investigate" possible violations...when the evidence warrants...". No sufficient evidence was ever obtained AND reviewed to properly determine if there were any violations prior to the Division's action, and by failing in these mandates, the Division also failed to "minimize" the regulatory expenses to ensure compliance. In fact, it is the contention of the Respondents that the Division's early action, is in violation of Arizona Law, and the Division's lack of proper action places them in breach of its own established protocols, which will be further identified throughout the remainder of this Brief.

PRELIMINARY STATEMENT

The Securities Division here adopted a "judge" first, investigate later, approach, issuing the Commission's Temporary Restraining[5] Order before seriously investigating whether the information that it had allegedly received about Out of the Blue Processors, LLC and Lunsford Consulting, LLC was in fact true or whether Respondents'

[5] The Commission issued its Temporary Order to Cease and Desist and Notice of Opportunity for Hearing on February 22, 2012, referred to in the Division's Opening Brief as "TC&D". It operates as a temporary restraining order (a "TRO") and Respondent will refer to it as such.

transactions were or might be exempt from registration under the Arizona Securities Act[6] (the "Act") or under applicable federal law.

The Division did not make a legitimate attempt to determine if the Respondents complied with Federal Statues, which preempt the Arizona's Statutes, or by definition of the Division's mandate, was part of the "certain" people or entities not required to register with the Division. Unless the Arizona Corporation Commission ("the Commission") and a Securities Division ("the Division") on February 22, 2012 had a reasonable basis for believing either that the actions of respondents involved fraud or were unlikely to involve the sale of covered securities within the meaning of applicable federal law, the Commission and the Division were prohibited from acting to enforce the Act's registration and related requirements by the express preemptive language of section 18 (b)(4)(D) of the Securities Act of 1933, as amended[7].

Respondents have acknowledged from the beginning that the membership interest in Respondent Out of the Blue Processors, LLC ("Blue") were investment contracts and, accordingly, "securities" within the meaning of the Act and that they were sold in or from Arizona by Respondent Mark Steiner[8]. Respondents also acknowledged that the membership interest for Blue is not registered[9] in accordance with Article 6 and

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[6] Chapter 12, Arizona Revised Statutes, A.R.S. §§44-1801-2126.
[7] 15 U.S.C. §77(r) et seq. See discussion under Applicable Federal Law, infra, pp. 2-7. See also Ariz. Const., Art. 2§3, *Grand Canyon Airlines, Inc. v. Arizona Aviation, Inc.,* 12 Ariz. App. 252, 469 P. 2d 486 (App. 1970); *Marco v. Superior Court,* 17 Ariz. App. 210,496 P. 2d 636 pp. 1972)
[8] Joint Fact Stipulation, ¶11, dated April 28, 2014 and signed for the Division by Stephen J. Womack and for the Respondents by Arthur P. Allsworth.
[9] Division's Exhibit S-11, Blue's Operating Agreement section 5.5.1.1and 5.5.1.6

7 of the Act and that Mr. Steiner is not a registered dealer or salesman within the meaning of the Article 9 of the Act.[10]

Respondents contend that the membership interest in Blue (i) were not required to be registered under the Act, because applying for the Act's registration requirements were, and continue to be forbidden by expressly preemptive provisions of applicable federal law; (ii) Mr. Steiner, as the manager of Blue, has broadly defined duties that were not limited to or primarily involved with selling the Blue member interests and, accordingly, was not required to be a registered dealer or salesman as to those interests; and (iii) no fraud of any kind was involved in the offering and sales of Blue member interests.

No purchaser of member interests in Blue had contacted the Commission or the Division to complain about their interest in Blue prior to February 22, 2012. No investor has complained since then either. Several investors testified at the Hearing. All save one investor, remain satisfied with their investment and none of them, including Rebecca Flowers, had asked for a return of the money invested by them. Among those who so testified, or investors who made their investment as long ago as in 2008 and 2009[11]. All acknowledged that they knew their money would be used to pay the business expenses of Lunsford Consulting ("Lunsford" or "Lunsford (the company)") and that Mr. Steiner had kept them informed of the status of their investment regularly during the interval following the making of their investments.

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[10] Id. At ¶¶10, 12, and 13

[11] Prior to July 31, 2010, Lunsford Consulting was an unincorporated business enterprise. On that date it was formed as an Arizona limited liability company. Boyd Lunsford and Mark Steiner were its managers and equal owners (members) until Mr. Lunsford's death in 2013. Mr. Steiner has acquired Mr. Lunsford's interest and now is the sole manager.

APPLICABLE FEDERAL LAW

Section 18 of the [United States] Securities Act of 1933, as amended, (the "Federal Act")[12] is titled, "Exemption from State Regulation of Securities Offerings." subsection (a) titled, "Scope of Exemption", states expressly,-

"Except as otherwise provided in this section, no law, rule, regulation, or order, or other administrative action of any State or political subdivision thereof,-

1. Requiring, or with respect to, registration or qualification of securities, or registration or qualification of securities transactions, shall directly or indirectly apply to a security that,

   (1) Is a covered security; or

   (2) Will be a covered security upon completion of the transaction..."

If the membership interests in Blue were "covered securities" upon completion of the transactions in which they were purchased by the Blue investors, Articles 6, 7 and 9 of the Act, which require registration with the commission of the security sold in or from Arizona, and of dealers and salesman, could not on February 22, 2012 or any later date and cannot now be applied by the Commission to the sale of those member interests.

The term "covered security" is defined in section 18 (b) of the Federal Act in two different ways. First, in paragraph (3) of subsection (b), is defined to include all offers or sales made to "qualified purchasers." The power to define, by rule, the term "qualified purchasers" is delegated to the Securities Exchange Commission of the United States (the "SEC"). SEC Rule 506[13] is such a rule. Second, paragraph (4) of subsection (b),

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[12] 15 U.S.C. §77 ®.
[13] 17 C.F.R. §230.506

defines the term "covered security" to include securities issued in transactions that are exempt from federal regulation pursuant to, *inter alia*, rules of the SEC issued under section 4(a)(2) of the Federal Act, which describes transactions not involving a public offering.

Rule 506 permits an unlimited number of sales to persons who are "accredited investors" as defined in the SEC will 501[14]. All "accredited investors" are "qualified purchasers" within the meaning of section 18(b)(3) of the Federal Act. With respect to all purchasers who are not "accredited investors", Rule 506 further requires that,-

> "[e]ach purchaser who is not an accredited investor, either alone or with his purchaser representative(s) has such knowledge and experience and financial business matters that he is capable of evaluating the merits and risks of the prospective investment, or the issuer reasonably believes immediately prior to making such sale that such purchaser comes within this description."[15]

In addition, Rule 506 requires that all purchasers who are not accredited investors receive the same information as was given to accredited investors.

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[14] 17 C.F.R. §230.501. In general, the rule defines an accredited investor as any person with a net worth greater than on million dollars or an annual income greater than two hundred thousand dollars.

[15] Rule 506(b)(2)(ii)

APPLICATION OF FEDERAL LAW TO BLUE'S SALES OF MEMBERSHIP INTERESTS THE PURCHASES REASONABLY BELIEVED TO BE ACCREDITED INVESTORS

Mr. Steiner testified about knowledge of the accredited investor status of each of the purchasers of member interest in Blue.[16] All the purchasers are identified in exhibit S-19. All purchasers acknowledged their ability to participate via their receipt and acceptance of the Operating Agreement, which specifies investor qualifications.[17] Mr. Steiner testified, specifically, that he had reason to believe that the following persons were accredited investors:

Derek and Sandy Howard (neighbors for many years, good friends and children are friends; executive level in the IT business and travels internationally, owns multiple properties).

Michael and Andi Laney (friends through church, day trader in stock market, owned multiple properties). Mr. Laney also testified that he was an accredited investor at the time he made his purchase of a member interest in Blue.[18]

Bryce and Laurel Petersen (friends through church, retired long-term employee of UPS and owner of founders stock in UPS).

Jack and Jeanne Shell (known through their son-in-law who is close friend of Mr. Steiner; also investor in other ventures in which Mr. Steiner invested; known to have other investments they talked about).

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[16] See Reporter's Transcript of Proceedings (hereafter "Tr."), vol. IV pp. 484-504.
[17] Division's Exhibit S-11 section 5.5.1.5 and 5.5.1.7
[18] Tr. Vol. III p. 396, I. 4-8.

Overall Plumbing Corp. and Southridge Investment LLC. (Two entities own by the same person, substantial wealth and business –r referred by another investor).

Vantage FBO. Robert L. Cox, IRA (retired, referred by his financial advisor; Mr. Steiner believes that a financial advisor will not refer persons who are not accredited for this kind of investment).

Mitchell and Natalie Layton (former regional executive at World Savings and worked with Mr. Steiner there-had stock in World Savings purchased by Wachovia "at an extraordinary price" and also worked with Mr. Steiner at Wachovia. Mr. Steiner was also aware that compensation for a lower level manager exceeded more than $250,000 annually. Mr. Layton supervised the lower level managers).

Lee and Kim Weiss (successful anesthesiologist in practice for many years, friends thorough children, known lifestyle).

David Antestenis (real estate investor, rehabber and trader; former executive of large marketing company).

Lucky Dog Investment Group (Rocky Nelson, MD) (urologist; owns practice and several medical facilities; known through church and children for ten or more years).

The Kincaid Group. (Ty Borum) (runs large construction company-roads, bridges, and other infrastructure-second generation manager of family company; known through Church six or seven years. His company also considered bidding on certain road projects with Chinese associations).

Jamey Vercelli (known through World Savings - was top producer; paid cash for his home; other real estate investments).

Rolle Hogan (initially Cachaca Holdings)(referred by financial advisor; analyst with strong background in international infrastructure/oil development; lives in England for a large international oil development company).

Patricia Riddle and Sylvia Anderson (referred by financial advisor who stated they were accredited, substantial net worth).

Will Law (retired at young age; has payout income from prior business venture; wife also successful corporate executive with annual income in excess of $200,000).

Florin Capital Solutions LLC (Brian Tolman) (Office near Mr. Steiner's. Held numerous discussions related to many of Mr. Tolman's successful ventures).

Sue Painter (qualified through family resources, and sophisticated son-in-law who does a lot of business in Asia; also advised by banker/advisor).

David Steiner (Mr. Steiner's father; successful orthopedic surgeon for many years, still practicing; known to have substantial net worth).

Zackaralily (Daryl Ramsayer) (engineering background, retired with several pensions, home owned free and clear, discussed substantial cash positions, referred by financial advisor).

Gmelich Family Trust (referred by Robert Kocks-invited by Mr. Kocks to attend first meeting with Mr. Steiner; he then met several other times with Mr. Steiner; same family as Robert and Ronald Kocks).

Raymond Flores and Rebecca Flowers (Mr. Flores was a former military intelligence offer and school teacher who had retired and had comfortable pension income. He and his daughter were referred to Mr. Steiner by their investment advisor, James Wahl, who

attended all their meetings with Mr. Steiner. Mr. Flores and investment advisor Wahl demonstrated sophistication and knowledge through questions asked. Mr. Flores made the investment decision for himself and Ms. Flowers, and Mr. Steiner understood that the annuity investment that each partially liquidated to make the investment in Blue member interests was purchased with money most of which was Mr. Flores money, although separate annuity contract for purchase in each of their names.

Cary Steiner (brother of Mr. Steiner; airline pilot and successful real estate developer-contractor and speculator).

Duke Cowley (referral with experience in Latin America and friends that are successful infrastructure developers in Latin America-easily an accredited investor).

Trend (Ray Pyne) (successful Canadian car dealer; sold dealerships and enjoys a good life, multiple large homes and yacht, travels worldwide frequently; known through church affiliation).

Barbara Moore (referred by financial visor; retired with very substantial injury settlement).

The persons named above represent 25 of the approximate 37 purchasers of Blue member interests[19], so that, at most, there were 12 non-accredited investor purchasers of Blue member interest, well below 35, the maximum permitted number of non-accredited investor permitted by Rule 506.

Mr. Steiner did not obtain specific networth or annual income information from the purchasers. He had known many of them for years and some even longer. Rather, he relied on facts about them known to him that in his judgment established a net worth or

[19] Exhibit S-19 shows member interest held by 37persons

income in the amounts sufficient to make each of them an accredited investor. The intent behind asking networth and income questions is so the seller of investment contracts can acquire sufficient information to determine suitability. Actually "knowing" the purchasers providers a more in-depth knowledge of the purchaser, which can better determine suitability. Mr. Steiner believed that those purchasers referred to him by a financial or investment advisor would have proper suitability understanding of their clients and would not have been so referred were they not either accredited investors or would at least meet the requirements Rule 506(b)(2)(ii). His testimony regarding each of the persons named above showed that he was, in fact, taking care to assure that the persons he approached either were accredited investors in their own right or were sophisticated in business and investment matters, along or together with advisors, and was capable of understanding the risks and rewards of an investment in Blue member interests. Rule 506 requires no more.[20]

THE PURCHASERS WHO MAY NOT HAVE BEEN ACCREDITED

Several persons listed on exhibit S-19 were not accredited investors. Indeed, several of them were not themselves actually purchases of member interest in Blue, because they received their member interests as a gift from an accredited investor,

[20] Securities lawyers generally prepare lengthy offering memoranda and obtain representations of net worth and income from prospective investors to meet "knowledge" requirements for investors. They do so out of an abundance of caution and because potential investors are not typically personally known to the offering manager(s). The typical procedure is designed to identify information that would naturally be known by parties with close relationships, as is the case with Blue. Attorneys can also charge substantial fees for that work. Mr. Steiner had no such assistance but relied instead on his common sense and historical knowledge about the people he approached or who were referred to him.

parent or relative. The Rock Living Trust and Shane Laney are in that category. At the time of their purchase of member interests, Mr. Steiner understood from their investment advisor that Rebecca Flowers' annuity had been purchased with money provided by her father, Raymond Flores.

Henry Clay and Don Gilman (Gilman Living Trust) were well-established long-term friends of Boyd Lunsford. The had invested with Boyd Lunsford in other enterprises long before Mr. Steiner was introduced to Boyd or themselves. They wanted to invest in Blue. Mr. Steiner met and talked with both of them on more than occasion and concluded they were sufficiently knowledgeable about what Boyd Lunsford had been doing and that each of them could accept the risks involved and, accordingly, qualified as investors pursuant to rule 506(B)(2(ii). Both Mr. Clay and Mr. Gilman received the same documentation that was furnished to the accredited investors.

FINANCIAL INFORMATION AND FINANCIAL RECORDS[21]

Respondents did not provide the financial statements of Blue, the company under investigation by the Commission, or Lunsford (the company) an independent company separate from Blue which was not under investigation by the Commission, to any purchaser of a member interest in Blue. However Mr. Steiner did provide an Operating Agreement for Blue to each person with membership interests in Blue, which contains

[21] For the sake of simplicity, in this subdivision of this Brief and in the subdivision that follow titled Lunsford's business expenses, describe only the "Blue I" offering. In fact, an offering also was made using the name "Blue II." The reader should, therefore, treat each reference to "Blue" in this and the following subdivision as a reference to both.

clear instruction regarding the revenues and expenditures of Blue. Members of Blue have no ownership interest or any other interest in Lunsford (the company) other than the portion of gross revenues from Lunsford (the company) by contract. The fact that Blue's Operating Agreement specifies that Blue will have no expenses, and the contract between Blue and Lunsford (the company) obligates Lunsford (the company) to pay Blue a portion of Lunsford's (the company) gross revenue, not net revenues, protects potential investor returns and eliminates any interest or regard for the review of expenses of either company; Blue, because there are no expenses, and Lunsford (the company), because the expenses are not relevant nor are they legally available to Blue purchasers. Lunsford (the company) is an independent, stand alone entity. There are innumerable companies in the United States that contract other companies for services in exchange for "pay" ("pay" is considered revenue to the contractor company). Those service provider companies (contractors) are NOT entitled to review the expenses of the company contracting with them, except if specifically stated in the contract between the parties. No such language exists in the Agreement between Lunsford (the company) and Blue.

Members understood that no revenues had been received by Lunsford (the company), hence the need for investors and their investment funds were used to provide operating capital for the expense of Lunsford (the company) in their dedicated efforts to generate business with the Chinese Parties. Providing additional information would have been pointless. SEC Rule 506 does not require financial information to be provided when doing so would be an unreasonable burden. A balance sheet would

have provided no information useful to any prospective investor. Any financial information about Lunsford (the company), other than the amount of it's gross receipts- which to date is "zero" - would be useless to Blue investors as they were not offered and, accordingly, do not have any interest whatever in Lunsford's net income. The law does not require the performance of meaningless acts.

Blue is not "engaged in business" in the usual sense of that phrase. As indicated in the Operating Agreement, Blue will have no profit or loss. 100% of monies to Blue will be distributed to its members, less any accounting or legal fees, which could only be incurred after monies are received. Blue has a bank account solely for the purpose of tracking the amounts provided by each purchaser of the member interest (which provides the numerator for each purchasers fractional interest in Blue's gross receipts); AND to permit Mr. Steiner to control the flow of funds paid out for the business expenses of Lunsford (the company).

Blue had and still has no need of other financial records. The Division's focus on the absence of journals and ledgers is a distraction with no merit. Businesses generally keep only those records needed to accomplish the goals of the business and to satisfy federal and state tax requirements. Neither Blue nor Lunsford has yet received any "gross income," within the meaning of section 61(a) of the Internal Revenue Code of 1986, as amended.[22] That fact was discussed with each purchaser of member interests. Any suggestion that it was not is irresponsible and defies common sense. Furthermore, it is impractical to believe that any potential investor would become an

[22] 26 U.S.C. §61(a).

actual investor without a thorough discussion and understanding of the rules determining the flow of revenue. Common sense applied to this issue should prevail.

Blue was used by Mr. Steiner as a vehicle to keep the persons who invested in Blue member interests separate from Lunsford (the company), notwithstanding that Lunsford (the company) was the "entity" in whose gross revenue stream the Blue investors, collectively (not individually), we're receiving a fractional interest. Keeping the Blue investors separated from Lunsford was helpful, because it made it easier to demonstrate to investors that the fractional shares of Blue's income could not be diluted. That separation also was necessary to satisfy the Chinese, as discussed, *infra,* at pp. 471- 473, 517-518.

Lunsford (the company) engages in an investment banking business of a sort. Lunsford expects to receive fee income in amounts expressed as a percentage of the total investment to be made in infrastructure projects it identifies for certain Chinese business enterprises, after it also assists the enterprise involved to negotiate the cost of the project and how that cost is to be repaid to the Chinese financial institution that will finance the project.

The Blue investors, collectively, were promised a percentage share of the percentage share Lunsford (the company) is to receive for the Chinese business enterprise(s): That is, a percentage of a percentage. The Blue investors are not entitled to a share of Blue's profits, for it is not intended that Blue will have profits in the usual sense of the word-Gross income less business expenses. Each Blue investor is entitled to a fractional share of Blue's gross revenues, his or her entitlement being determined

by the fraction as stated in the member's Membership Certificate – investor's purchase price/$1,500,000.[23] It is clearly stated in the Operating Agreement that there are no expenses associated with Blue.

LUNSFORD BUSINESS EXPENSES

The monies invested in Blue were raised to provide the capital from which Lunsford (the company) would pay its business expenses during the interval before Lunsford (the company) received the fee income it anticipates receiving from the Chinese business enterprises with which it is dealing. When Lunsford actually receives fee income from a Chinese project (all of Lunsford's efforts have been and will be with the Chinese), Lunsford is to SLICE OFF a fraction (a percentage) of that receipt and pay the ENTIRE amount of that SLICE to Blue. Blue is to share ALL OF THAT SLICE, (meaning 100%) less only accounting and if any, legal costs among the Blue members, in proportion to their respective interests.[24] Stated differently, the Blue investors will never bear the economic burden of Lunsford's business expenses, IF LUNSFORD RECEIVES THE FEE INCOME IT HAS BEEN PROMISED FROM THE CHINESE ENTERPRISES. EACH INVESTOR UNDERSTOOD CLEARLY THAT THE RISK OF NON-PERFORMANCE BY THE CHINESE ENTERPRISES WAS THE PRIMARY INVESTMENT RISK HE OR SHE WAS TAKING.

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[23] As to each purchaser of a member interest in Blue, the only actual issuer here, in an overall sense, the fraction may be expressed as: Investor Purchase Price/the Sum of all Investor Purchase Prices. Mr. Steiner considered it simpler, however, to explain the investment opportunity by using a fixed amount as the denominator of each investor's fractional interest.

[24] Lunsford will indemnify Blue against any costs related to this investigation and proceeding.

The ONLY financial information that the purchasers of Blue member interests should need, or want, therefore, is (i) the amount of Lunsford's gross fee income (to date, zero); (ii) the percentage of Lunsford's gross fee income which is to be paid to Blue[25]; and (iii) the amount, if any, of accounting costs incurred by Blue in connection with a distribution of Blue's share of Lunsford's fee income from its Chinese ventures.

Members understood that Blue was structured such that it protected Blue purchasers against dilution. All monies raised by Blue to be used for the expenses of Lunsford (the company) ultimately dilute Messrs. Lunsford and Steiner. Lunsford and Steiner have no motivation to raise unnecessary monies, in fact the opposite. It should be clear that neither the nature nor the amount of Lunsford's business expenses should be viewed as material information to the purchasers of Blue member interests. That information, therefore, cannot properly be viewed as information, the omission of which made other information supplied to potential investors misleading.[26]

BUSINESS EXPENSE

The most usual use of the phrase "business expense" is in the context of federal and state income taxes. Section 162(a) of the Internal Revenue Code of 1986, as amended, defines the phrase "trade or business expenses," to include, "...(1) a

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[25] The real fraction in all overall sense will use the total amount of all purchasers' investments as the denominator. That is simple arithmetic applied consistently over the entire offering by an honest person. To get there, it is necessary to create a further phantom issuer, "something like a Blue III", the denominator for which will be, like Blue II, $750,000. The final percentage of Lunsford's gross fee income payable to Blue will be, therefore 20% (10+5+5), as explained infra at Tr. Vol. IV pp. 529-532.

[26] A.R.S. §44-1991(A)(2) describes, as a fraudulent practice, "Make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading."

reasonable allowance for salaries or other compensation for personal services actually rendered."[27]

No person, sophisticated or otherwise, should expect others to work (render services) for free in a business context. It more unlikely that a potential investor would become an actual investor if he or she believed the principals of Blue were only working part-time, or on weekends, or in their spare time. Furthermore, witnesses testified at the Hearing that they believed monies raised in Blue were to be used as "business or operating expenses". It has been established earlier in this Brief that the definition of "business or operating expenses" includes a reasonable allowance for salaries or other compensation for personal services actually rendered. It is wholly disingenuous for the Division to contend that investors expected that Mr. Lunsford and Mr. Steiner were doing their work for Lunsford (the company) without intending to be compensated for it. and it was very clear to each purchaser of a member interest in Blue that the monies he or she was investing, together with the monies invested by other purchasers a Blue member interests, would be the ONLY source of monies available to pay Lunsford (the company) business expenses, UNTIL such time as one or more of the Chinese projects matured, resulting in gross fee income being paid to Lunsford.

The Division's efforts to try to make expenses belonging to Lunsford (the company) part of Blue's investigation, through its forensic analysis, particularly when the Agreement between Blue and Lunsford (the company), the Operating Agreement for Blue members, and the testimonies from Blue members all state clearly that the

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[27] 26 §U.S.C. 162(a).

expenses belong to Lunsford (the company) is disingenuous, manipulative and misrepresents the facts, intentions, and understandings.

THE FRAUD ISSUE

During the last half of the 20th century, China developed economically from peasant farming economy to a relatively advanced economy with factories and technically well-educated engineers and builders. China had educated its people and taught them the skills needed to build and operate its major infrastructure facilities. Much of that occurred internally. Having accomplished that internal growth, China needed an external market for the engineering and building skills and experienced heavy construction labor it had developed, as well as an external market for it's heavy industry manufacturing capabilities and capacity. Because Africa and Latin America my last develop confidence, the Chinese turn to them, among others.[28]

China is a communist country. Its government is, and therefore the leaders of its business enterprises are also, suspicious of the United States and its institutions. In China, many of the senior government leaders are also the senior leaders of its business enterprises.

Persons who now are in the senior ranks of Chinese government and business leadership had known Boyd Lunsford for more than 20 years when they asked him to

[28] Cf., French, Howard W., China's Second Continent, Random House LLC (Alfred A. Knopf), 2014. In his Introduction, Mr. Howard says," Sensing that Africa had been cast aside by the West in the wake of the Cold War, Beijing saw the continent as a perfect proving ground for some Chinese companies to cut their teeth in international business. It certainly did not hurt that Africa was also the repository of an immense share of global resources – raw materials that were vital both for China's extraordinary ongoing industrial expansion and for its across-the-board push for national reconstruction. As a result, Africa has risen high on Beijing's agenda."

assist them in locating and negotiating for Chinese participation in infrastructure developments. Mark Steiner had contacts in Africa and Latin America, so he and Boyd Lunsford decided to focus their efforts there. The Chinese wanted to do business with Boyd Lunsford because they knew him, trusted him and thought he could be helpful to them in their efforts to sell, in Africa and Latin America, the technical knowledge, skills and heavy manufacturing capacity that they had built in China.

When Boyd Lunsford introduced Mr. Steiner to the Chinese leaders, because of their government status and cautious nature, it took nearly two years of Mr. Steiner's attendance at meetings, which were always held at the hotels he and Boyd Lunsford stayed at in Beijing, before the Chinese leaders agreed to accept Mr. Steiner as Boyd Lunsford's partner. Until he had been so approved, Mr. Steiner was kept at "arms length". Only after Mr. Steiner reached that level of personal acceptance, which occurred in 2010, nearly two years after Boyd Lunsford first introduced him to the Chinese, was he invited to attend meetings at the headquarters building of several of the Chinese enterprises with which he and Boyd Lunsford were working.

The Chinese were not interested in dealing with a group of people they did not know and they did not want other people to become involved personally in the work that Boyd Lunsford and Mark Steiner were doing to assist the Chinese enterprises. If the person who purchased member interests in Blue were to have direct economic ownership interests in Lunsford (the company) the Chinese enterprises could not do business with Lunsford. That was the political reason for keeping Blue separate from Lunsford. As noted, *supra*, the separation also was useful in selling member interests in

Blue. It enabled Mr. Steiner to show each prospective investor that his or her interest in Blue's gross receipts could not be diluted.

No fraud was perpetuated as is evident in several of the Respondent's exhibits, including contracts[29], Official government documents[30], and technical and financial proposals[31], all validating the work and projects shared with members with Blue interests to be legitimate. In short, Mr. Steiner did what he said he was going to do with monies received from purchasers of Blue member interests.

SECURITIES FRAUD

Mark Steiner was seeking sophisticated investors; persons of wealth who understand business and how infrastructure projects can be successfully put together and financed. Sophisticated investors want upside potential typically greater than what is available through traditional investment options. They also want protection from dilution. Notwithstanding that Mr. Steiner was offering a perpetual interest which *could* provide greater than average returns, that is an interest in all future endeavors of Lunsford (the company) with its Chinese enterprises, it is the potential ventures currently in progress that provide the basis for doing the arithmetic on which most investors are likely to base their economic judgments. So Mr. Steiner needed to show each investor that, if and when Lunsford received the hoped-for fee income, the share of

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[29] Respondent Exhibit CCC - Executed Memorandum of Understanding for Chinese Company to build the Jondachi Hydropower Plant (one example of several related exhibits)
[30] Respondent Exhibit FF – Letter of Intent for project assistance in Uganda from the Ambassador of Uganda (one example of several related exhibits)
[31] Respondents Exhibit J – Proposal for a 300 MW coal fired power plant in Nigeria (one example of several related exhibits)

that income that was promised to the purchaser of a Blue member interest would not, by the time it was received, have been reduced by Lunsford's (the company) need for additional capital. Mr. Steiner had to show potential investors that their "slice" of Blue's gross revenue COULD NOT BE REDUCED by sharing it among more investors; and therefore improved the chances and potential for greater than average returns.

The concept of utilizing or engaging separate entities to fulfill all the requirements of a business strategy that is as sophisticated as development of infrastructure projects is not unusual and should not be surprising. Lunsford (the company) is in the business of identifying and facilitating project development. It has capital requirements to function, which it sought from Blue under acceptable terms among Lunsford, Blue and Blue member interest purchasers. Lunsford has EPC requirements to build the projects, which it sought from qualified major Chinese firms under acceptable terms between Lunsford and the Chinese EPC firm. The Chinese EPC firm needs capital to build the projects, which it seeks from Chinese concessionary banks under acceptable terms between parties. This set of relationships is typical for normal business functionality. In many instances, it is common for one of the entities to own a share or interest in one of the other closely related businesses. Lunsford and Blue are independent businesses that work closely together, but have independent business objectives. Mr. Lunsford believed he needed to raise "around" $1,500,000 to successfully bring certain potential projects to fruition. Mr. Steiner and Boyd Lunsford agreed that Lunsford (the company) could afford to share 10% of its gross fee income with Blue, the contracted supplier of

its additional capital requirements.[32] Blue, therefore, offered each purchaser of a member interest in Blue that fraction of Blue's receipts from Lunsford (the company), according to it contract, the numerator of which was the amount paid by the purchaser and the denominator of which was $1,500,000.

If, accordingly, the purchaser of a member interest in Blue were to have paid in $300,000, his share of the 10% of Lunsford's (the company) gross fee income promised to Blue would be 300,000/1,500,000 or 20% Blue's 10% of Lunsford's gross fee income. Mr. Laney paid $70,000 for his member interest. Mr. Laney's share of Blues 10% share Lunsford's gross fee income will be, therefore, 70,000/1,500,000 for 4.6667%.

Although Boyd Lunsford and Mark Steiner, as the owners of Lunsford (the company) agreed that 10% Lunsford's gross fee income was a fair share to offer the purchasers of Blue member interest, collectively, if $1,500,000 was raised through Blue, they (Messrs. Lunsford and Steiner) did not wish to share that much of a Lunsford's gross revenues, unless the whole $1,500,000 proved to be needed. So they agreed that Mr. Steiner would be treated as an investor in Blue. His interest in Blue would be that fraction which would result from subtracting from $1,500,000 the total amount actually paid in by purchasers for member interest in Blue at the time no more investor money was needed, and treating that amount as the numerator of Mr. Steiner's fractional interest and, as with all the purchasers, treating $1,500,000 as the denominator.

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[32] Both Mr. Steiner and Mr. Lunsford had already invested substantial sums in Lunsford (the company)

Mr. Steiner used another limited liability company owned by him, Second Opinion Solutions, LLC ("Second Opinion") as the "placeholder" representing that fractional interest in Blue. Second Opinion's fractional interest in Blue would decline, ultimately to zero, when and if the entire $ 1,500,000 was raised, as each new purchaser of a member interest in Blue purchased his or her remember interest.

Similarly, Messrs. Lunsford and Steiner could not be sure that $ 1,500,000 would be sufficient investor capital to carry Lunsford (the company) until successful projects produced fee income for Lunsford in amounts that would enable it to carry on without further investment capital. Out of the Blue Processors II ("Blue II") became the vehicle for use in that eventuality, an eventuality that in fact occurred. Messrs. Lunsford and Steiner agreed to give up another 5% of Lunsford's (the company) gross fee income to those who purchased member interests in Blue II. As with Blue, Mr. Steiner's Second Opinion became the placeholder purchaser of that portion of Blue II's 5% slice of Lunsford's gross fee income. Each Blue II purchaser was treated as receiving a fractional share of 5% of Lunsford's (the company) gross fee income equal to that fraction produced by treating his or her purchase price as the numerator and $750,000 as the denominator.

Blue II, from the beginning, was never a legally formed entity, but instead a duplicate replication of Blue's mechanics. Unlike Blue, it never was formed as a legally recognized limited liability company in Arizona or elsewhere. There was no real need for it to be a legal entity, because its existence was needed solely as an identifier and/ or accounting mechanism.

During 2013 the $2,250,000 raised in Blue and Blue II proved insufficient. Boyd Lunsford had died.[33] Mr. Steiner determined to give up potentially another 5% slice of Lunsford's (the company) gross fee income for another $750,000 of capital to "purchasers" of "member interests" under the same accounting methodology.

While there could be discussion as to another alternative mechanism established for the relationship between Lunsford, Blue and Blue II, the chosen methodology by Lunsford and Steiner, maintained its integrity to each existing member and any new potential member that might participate. The structure was understood by the member at their time of participation, and continued forward, protecting existing members against dilution, while providing equal opportunity for new members.

The important point here is that no false statement was made to any purchaser of a member interest in Blue or in Blue II or thereafter. The mechanism for measuring the fractional interest of each purchaser in Blues gross revenues had been established. Simple elementary school arithmetic was involved. There was, therefore, no omission to state a material fact that should have been stated to make the facts actually stated, "not misleading."

PROJECTS EXPECTED TO PRODUCE FEE INCOME FOR LUNSFORD (THE COMPANY).

Most of the need for larger amounts of investor capital grew from the very long delay that resulted from the Nigerian government's decision late into 2010 to privatize

[33] Mr. Steiner acquired Mr. Lunsford's interest in Lunsford (the company) following Mr. Lunsford's death.

the expansion of its power generating facilities. When Lunsford and Steiner began working in Nigeria, the power generation facilities they had identified were to be owned by the Nigerian government and its financing would be secured with a "sovereign guaranty". The Nigerian government's decision to privatize this industry made it necessary for it to establish bureaucracies to regulate the generators and transmitters of electricity, to establish tariffs for electricity from the new power generating facilities and for the consumers from the transmission facilities; to assure an adequate source of energy for the generating facilities over a reasonable useful life for them; and to make many other governmental decisions. It is clear and would be understood that much additional time would be needed to deal with such matters like this here in the United States. It is, actually, amazing that Nigeria has been able to accomplish what it has in the four years it has taken.

The coal-fired 1200 MW electrical generating plant in Kogi State in Nigeria is the model on which all additional new power generating facilities in Nigeria will be based. Dr. Innocent Ezuma, the private party who owns the leases of the coal resources to be used by the Kogi State facility and who's other ventures will be part of the industrial users of its output, expect to have his share of the financing for the facility in place by the end of 2014. He hopes to begin implementation and construction phase in the first quarter of 2015.

Meanwhile, Mr. Steiner has identified additional hydroelectric power generation facilities in Ecuador. With the assistance of Lyman "Sid" Shreeve, those projects were introduced to Mr. Steiner's Chinese contacts at Sinosteel. Mr. Shreeve testified that he

accompanied Mr. Steiner to Beijing, China, to present the projects to Sinosteel. He also testified that shortly after the presentation, a Chinese delegation was organized, including a very senior representative of Sinosteel, to visit Ecuador for the purposes of engaging in these and other infrastructural development business in Ecuador. Sinosteel is an internationally recognized and highly qualified company to work in infrastructure development and power generation. Sinosteel has supplied the electrical generating turbines and other heavy equipment used in power generation facilities throughout the world.

Sinosteel has submitted it's proposal for technical and financial solutions to at least one project in Ecuador. The proposal includes 100% financing, technical design and construction for the project. Its bid includes providing a Chinese bank guarantee of the construction cost based on an already existing guarantee by the government of Ecuador (as discussed by Mr. Shreeve and Mr. Steiner at the Hearing).[34]

It should be recalled that the bulk of the engineering for the Ecuador project was completed earlier by an Ecuadorian engineering firm. A copy of the Executive Summary of that engineering work is Respondent's exhibit AAA and BBB. That Executive Summary includes a Gant Chart[35] of the development schedule for the project by those engineers. It is useful to note the substantial time which that chart shows was expected to lapse between the date the project discussions to reach a level which might be viewed as it's true beginning (2009) and the date construction could potentially begin 2013. The engineers' projections have not been realized, though it now seems likely that

[34] Tr. Vol.III pp. 337 line 17- p.339 line 10
[35] Respondent's Exhibit BBB

construction may start at the beginning of 2015, if the Sinosteel bid is accepted by Ecuador.

A FURTHER WINDOW ON FRAUD

Shortly after Boyd Lunsford died, Mr. Steiner purchased a $5,000,000 death benefit policy of life insurance on his own life. The purpose for the purchase of the life insurance policy was to protect the Blue and Blue II investors. In the event Mr. Steiner was to die before Blue investors received their investment back, the life insurance proceeds would be used to return the amount of unpaid investment to the investors. It should be noted that the policy was purchased before the Division amended its Temporary Order and Notice to add an allegation of fraud.

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THE DIVISIONS ASSERTION OF CONTEMPT

The Division's involvement in the affairs of Out of the Blue Processors, LLC ("Blue") began in January 2012. The Division alleged that it's investigator received indirect information from a third-party source discussing the content of an email. The investigator stated that the email originated by an investor (Mr. Heartburg), who sent it to one of his associates (later revealed to be a hairdresser), acknowledging his investment in a business doing work with Chinese officials to develop infrastructure related projects, which he believed showed great promise. The investigator stated that the associate shared the content of the email with the investigator who was then referred by the associate to the Mr. Heartburg who then referred the investigator to Mr. Steiner[36].

From this single piece of alleged information, which did not in any way, come from the company or an employee of the company, of which the information was not verified by any authorized personnel of the company, the Division decided to launch a "sting" operation on Mr. Heartburg and/or Mr. Steiner with the intent to entrap[37] them.

The Division engaged in a scheme of deception to attempt to get Mr. Heartburg and/or Mr. Steiner to unknowingly commit some type of violation that would allow the Division to pursue him, which could ultimately result in some type of charge and/or fine.

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[36] Division's Exhibit S-37, emails date Jan 3, 2014

[37] Definition: to lure into performing an act or making a statement that is compromising or illegal; to draw into contradiction or damaging admission:Dictionary.com, "entrap," in Dictionary.com Unabridged. Source location: Random House, Inc. http://dictionary.reference.com/browse/entrap.

Again, based solely on un-vetted information from an unrelated, unauthorized person, the Division had one of its investigators impersonate a prospective investor named Margo Mallamo. Ms. Mallamo misidentified herself to the referring investor (Mr. Heartburg)[38], then in her initial unsolicited emails to Mr. Heartburg and Mr. Steiner, the investigator (Annalisa Weiss) misidentified herself as Ms. Mallamo, then overtly qualified herself as a sophisticated investor, one capable of making such an investment. She states in her initial emails that:

1. She is receiving profits from the sale of a successful business, and
2. She has researched investment opportunities in energy related industries and believed them to be viable investments prior to communicating with Mr. Steiner.
3. Requested investment information[39]
4. She had $200,000-$250,000 available for investment
5. She understands wiring procedures, specifying she wants the money directly deposited in an investment.

All of this information was volunteered by Ms. Mallamo prior to being asked a single question or having a verbal communication with Mr. Steiner. She further indirectly strengthened her qualifications by insinuating that:

1. she was finalizing a divorce, "being cashed out by her husband" and wanting to shelter resources (showing sophisticated stratagem),
2. that she lived in Seattle (divorcing in Seattle would indicate resident status) and returning to Phoenix (indicating she had a residence there)

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[38] Division's Exhibit S-37, email dated January 3, 2012
[39] Division's Exhibit S-37, emails addressed to Mr. Heartburg and Mr. Steiner, dated Jan 3, 2012, Jan 6, 2012, Jan 9, 2012

In spite of Ms. Mallamo's request, Mr. Steiner, having never formally spoken to Ms. Mallamo, did not send investment materials, but only sent her a simple overview of Lunsford's (the company) business relations and activities – the Lunsford Executive Summary. Lunsford (the company) was not and is not the investment vehicle or company used to raise monies for Lunsford's (the company) operating expenses. Dissatisfied that the information sent was not information that could be used against Mr. Steiner, Ms. Mallamo sent another email stating that she was looking for specific "investment related" information. Mr. Steiner appropriately responded stating that they had not communicated sufficiently and therefore could not forward such information.

It should be noted at this point in the process, the Division, even in it devious efforts, had not obtained any incriminating information, but instead had experienced proper protocol from Mr. Steiner. The evidence of this experience should have terminated an unbiased inquiry. However, it is the Respondent's contention that this was not an unbiased inquiry, and that the Division was determined to meddle until it identified some modicum of evidence to initiate full pursuit, regardless of how that modicum of evidence was obtained or generated.

Undeterred by proper protocol, Ms. Mallamo initiated a phone call to Mr. Steiner in which she continued the fabrication of an interested investor. It appears obvious that it was the Division's intent and purpose in making the phone call to Mr. Steiner in hopes of catching him in some egregious offense. Instead, an unbiased audience would determine that Mr. Steiner should be exonerated and Mr. Weiss (Ms. Mallamo) actually

committed the offenses, or at least at a minimum did not succeed in "catching" Mr. Steiner committing any material offense.

The call took place on January 19, 2012.[40] During the phone call, Ms. Mallamo committed the following actions: (refer to Division's Exhibit S-36, page and line numbers noted to evidence each point)

1. Confirmed initial information was minimal, and alleged that it came from a distant unrelated, unauthorized, non-company associated, third party source (p.2, line 6-7) (minimal information p. 33, line 24 through p. 35, line 4)
2. qualified herself as a sophisticated investor and established her own suitability, (p.3, line13-14, p. 20, line 25)
3. researched the investment and industry, and indicated interest in participation in the investment prior to speaking with Mr. Steiner (p. 3, line 19-24, continuing on p4 through line 4)
4. solicited the investment herself, (p.20, line 20, p.28, line 23-24, p.33, line 21, p.36, line 22- Mr. Steiner confirms information Ms. Mallamo had provided earlier- indicating her solicitation, not Mr. Steiner's)
5. refused to cooperate with Mr. Steiner in his effort "to get to know his potential investor" by indirectly answering, talking around the question, or deferring answers to any questions he asked geared toward suitability, (p.2, line 20-25)
6. dismissed or redirected repeated attempts by Mr. Steiner to meet so as to better determine suitability, until after she could wire funds, (p.33, line18-20, Division's Exhibit S-37 emails dated Jan 3, 2012, Jan 9, 2012, Jan 17, 2012)

[40] Division's Exhibit S-36, Recorded phone call between Mark Steiner and Annalisa Weiss

7. relied on people and their advice other than Mr. Steiner to participate in this investment, (p.32, line 23, p.33, line 16-17)
8. repeatedly asked for necessary information to make the investment – wiring instructions, etc., (Division's Exhibit S-37, emails. Dated Jan 16, 2012)
9. confirmed her complete understanding of the investment, indicating that she had no further questions regarding the investment before Mr. Steiner provided any documentation (p. 33, line 22 through p. 34, line 8)

During the call, Mr. Steiner attempted to:

1. Understand where and how Ms. Mallamo found out about Lunsford (the company) and her relationship to one of its previous investors (p.3, line 6-7)
2. Ascertain her place or places of residence (p.2, line 20-25)
3. Explain the role of Lunsford (the company), its relationship to China and its key personnel, and history of Lunsford the individual, examples of Lunsford (the company) projects in progress with associated country conditions, and China's protection efforts against loss, financial benefits to China and Lunsford (the company), prior to any investment discussion (p. 4, line 12 continuing through p. 17, line 3, then continues intermittently to p. 20, p.22, line 8-24)
4. Schedule a time to meet for greater understanding and clarity (p.33, line 18-20)
5. Confirm Ms. Mallamo's understanding, prior to offering any investment documentation (p.33, line 22 through p. 24, line 8)
6. Never asked or solicited from Ms. Mallamo for participation in the investment, but only answered questions from Ms. Mallamo about investment scenarios,

explained that investors were protected against expenses or dilution as explained in the Operating Agreement investors received (p. 34, line 9 through p.41, lines 7-11, 17-18).

Armed with the alleged un-vetted initial email content from the hairdresser, a few email communications originated by Ms. Mallamo and a phone conversation with Mr. Steiner, the emails and phone call of which do not include any evidence sufficient to proceed with formal and excessive action as the Division took in serving Mr. Steiner with a Temporary Restraining Order, delivered under false pretense. Nevertheless, the Division took such unwarranted and unlawful action, and proceeded to interfere with Mr. Steiner and his business to its detriment, seeking whatever information they could extract that might show some type of indiscretion.

It is on that insufficient basis that the Division, acting under the authority of the Commission, issued the Commission's Temporary Restraining Order. Respondent's view the Temporary Restraining Order, issued without a hearing, and based on nothing more than the very limited information stated above, which was available to the Division on February 22, 2012, is a violation of Article II, section 4 of the Arizona Constitution and a violation of the Fourteenth Amendment to the Constitution of the United States.

THE HEARING

The Division put forward four witnesses, two witnesses are employed by the Division, and two witnesses that own investment interests in Blue.

ANNALISA WEISS

Annalisa Weiss, employed by the Division as the lead investigator, testified for the Division. During her testimony, she testified that she was not to be able to remember[41], nor was she able to identify or produce any evidence obtained prior to February 22, 2012 sufficient to take action against Blue.

Originally Ms. Weiss, acting as Ms. Mallamo stated the she received an email from a third party, who had received it from a Mr. Heartburg. It was this email that initiated the investigation.[42] During a January 19, 2012 phone call with Mr. Steiner, Ms. Mallamo identified the referral as coming from her hairdresser.[43] Under oath during the Hearing, Ms. Weiss testified that she was tipped off about Blue by an attorney from Arizona who had received and email[44]. Then later in her testimony Ms. Weiss testified that the referral came from her supervisor.[45] AFTER STATING AT LEAST THREE CONFLICTING SOURCES FOR THE ORIGINAL EMAIL IDENTIFIED AS THE VERY REASON FOR THE INVESTIGATION AGAINST BLUE, THE "SMOKING GUN" if you will, IT APPEARS THAT NO EMAIL EXISTS. At a minimum, no such evidence was ever presented or admitted into evidence prior to or during the Hearing. The Division's entire case is based on hearsay, without evidence to support its claim. WITHOUT SUCH EVIDENCE, THE DIVISION HAS NO CASE. Without cause and with no

[41] Tr. Vol. I p.75 line 17 – p.79, line 11, with specific attention to p. 77, line 14- end of this reference, after a series of questions pertaining to all of the information obtained prior to the issuance of the TRO, and only vague answers, the Respondent's counsel tries to determine if the witness is deliberately trying to withhold material information or is simply inept in her preparation.
[42] Division Exhibit S-37, dated Jan 9, 2012, document reference ACC000324
[43] Division's Exhibit S-36, p. 3, line 6-7
[44] Tr. Vol. I, p. 33 line12-16
[45] Tr. Vol. I p. 86 line 12-24

evidence, the Division began its pursuit of the Respondents with self-initiated solicitation emails and a phone calls originated by Annalisa Weiss, acting as Ms. Mallamo, all of which was gathered after the "sting" operation was initiated. However, there was NO evidence before the "sting" which is required to engage in such an action. Because the Division had no evidence there was no lawful basis for investigation. Such information so critical to the merit and legality of the Division's case should have been available and showcased as the basis of its case. Had there been such evidence, it would have been introduced. The Division knowingly engaged in deceptive and likely illegal practices to initiate this investigation against the Respondents. Ms. Weiss perpetuated this activity and committed perjury to further the deception in her testimony.

Furthermore, by proceeding with its issuing of its TRO, the Division violated both the Arizona and the US Constitution as stated previously in this Brief, with its unwarranted actions.

Ms. Weiss further testified that she established a fake persona as an investigator for the Division, a person named Margo Mallamo.[46] . She testified that she established an email account, a LinkedIn account, and a Facebook page for Ms. Mallamo[47], and while she did not testify to the fact, she also had a phone and phone number which she used to communicate as Ms. Mallamo[48].

With this fake persona, including fake media identity pages established, the Division and Annalisa Weiss, acting as Ms. Mallamo, began to perpetuate its own fraud against Mr. Steiner. Through her actions, as evidenced in her testimony, it is obvious

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[46] Tr. Vol. I p. 41 line 4-23
[47] Tr. Vol. I p. 41 line 22-23
[48] Division's Exhibits S-37, page reference ACC000329, SMS message, S-36, phone call

that it was never the intent of Ms. Mallamo to conduct an unbiased investigation on Mr. Steiner, a citizen and upstanding businessman of Arizona.

The prosecution asked Ms. Weiss if Mr. Steiner had any reason to know the net worth or income of Ms. Mallamo. She perjured herself again with her arrogant answer – "No. Margo doesn't exist, so she wouldn't really have any income.[49]" However, Ms. Mallamo had supplied Mr. Steiner with ample information regarding her financial status and her existence. In fact, before Mr. Steiner ever responded to a communication from Ms. Mallamo, she had already provided significant personal information misleading Mr. Steiner to believe she was a real person with a relationship with an existing investor, a savvy investor-having already researched the investment, and had significant resources available for investment[50]. When asked if the Executive Summary for Lunsford (the company) Ms. Mallamo received from Mr. Steiner was investigated to learn of its validity, she answered "No" and "No, that's not the focus of my investigation.[51] Clearly the Division had no interest in conducting a thorough "investigation" as per its mandate states as noted previously in this Brief.

The remainder of her testimony to the prosecution largely addressed documents obtained after the TRO was issued and information discovered in EUO's, all of which should be inadmissible and irrelevant.

Upon cross-examination, Counsel moved to dismiss all information obtained by the Division after the February 22, 2012 and summarily dismiss the Division's case[52]

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[49] Tr. Vol. I p. 43, line 12-21
[50] This Brief, p. 29-30, item #s 2,3,4, listing Ms. Mallamo's actions
[51] Tr. Vol. I p. 84 line 17-p.85 line 12
[52] Tr. Vol. I p. 81 line 16-18, continuing on lines 19-25 and p. 82 lines 4-7

based on MAPP against Ohio's Supreme Court ruling and other case law rulings. ARS 13-2008.A,

> which says that a person commits taking the identity of another person or entity if the person knowingly takes, purchases, manufacturers, records, possesses, or uses any personal identifying information or entity, including a real or fictitious person or entity, without the consent of that other person or entity with the intent to obtain or use the other person's or entities identity for any unlawful purpose or to cause loss to a person or entity whether or not the person or entity actually suffers any economic loss as a result of the offense.[53]

Ms. Weiss knew she took on a fictitious identify of Ms. Mallamo with the intent to obtain information to cause loss to the Respondents. The Division has certainly not been unbiased in its pursuit of Respondents and perhaps, malicious in its selective use and mischaracterization of certain information. The Division's eagerness to shut down Respondents' business activities based on an alleged piece of information (supposed documentation which was never produced as evidence) rather than take special care to ensure the Division's initial concerns were legitimate, accurate and validated before it took actions which could, and did cause irreparable damage to Respondents' financial status, reputation, and ability to perform their duties effectively, which could only be construed as "carrying the intention to cause loss."

His Honor Judge Preny stated that he would consider the "Mapp against Ohio" case information and its impact on this case after the Hearing.[54] It would be appropriate

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[53] Tr. Vol. I p. 79, line 11-23, and p.81 line 16- p.82, line 7
[54] Tr. Vol. I p. 83 line 3-6

to delay any adverse recommendation or decision against the Respondents until the details of the Supreme Court ruling can be considered and applied as a part of Respondents' defense.

Once again during Ms. Weiss' testimony, she failed to provide critical information to support her investigation and the Division's case against Respondents. Respondents were served with a TRO for alleged securities violations, one of which was, that Mr. Steiner was selling securities without a license. Yet, under oath, when asked directly if Mr. Steiner offered to sell her a membership interest in Blue, it took Ms. Weiss three pages of testimony (beginning on Tr. Vol. I p. 87, line 20 – p. 89, line 22) to address the question, and ultimately never definitively answered with proof, but redirected the cross-examination away from that point. Ultimately the records and documentation shows that Ms. Mallamo was soliciting Mr. Steiner.

Ms. Weiss was asked during cross-examination how many of the Blue membership interest owners she contacted over the 2 plus year investigation. She couldn't recall exactly, but remembered attempting to contact approximately 24 people, of which only two, Rebecca Flowers and Henry Clay responded, who ultimately agreed to testify for the Division. (Flowers and Clay testimony will be addressed later in this Brief). All others did not reply to her contact efforts[55]. However, several of the Blue investors submitted letters to the Commission asking that it terminate its investigation, generally stating their concern that the investigation could have a detrimental impact on their investment and potential returns.[56]

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[55] Tr. Vol. I p. 95, line 9-24

[56] www.azcc.org, Investor letters are stored on the Commission's site for public information

RICARDO GONZALES

Mr. Gonzales, employed by the Division as a forensic accountant, testified for the Division. The Division initiated an investigation on Blue based purely on an assumption that Blue had potentially committed securities violations.

Notwithstanding all of the previous evidences presented sufficient to overturn or dismiss this case, and the Respondents maintain their assertion that this case should be dismissed for several reasons, many of which have already stated in this Brief, the Respondents assert that Blue was the only company under investigation for securities violations, and none of the other independent entities the Division started pursuing with respect to Blue, had or sold securities and therefore cannot be included in the Division's investigation, and therefore are not subject to the Division's forensic analysis.

Blue's Operating Agreement obtained by the Division expressly states that the monies raised by Blue are for "operating capital" for Lunsford (the company).[57] This can only be interpreted as to understand that none of the monies raised by Blue go to, or are applied to Blue in any way. The Division's assertions that Blue investors did not know that Lunsford's (the company) operating expenses included Mr. Steiner's and Mr. Lunsford's living expenses, as defined, is far reaching and insulting to Blue's members, many of which have or currently operate their own businesses or work in management related roles requiring basic knowledge of business. Blue's Operating Agreement also identifies that no expenses are attributed to Blue.[58] Furthermore, the relationship

[57] Division's Exhibit S-11, section 6.2
[58] Division's Exhibit S-11, Section 6.3

between Blue and Lunsford (the company) was strictly contractual, limited specifically to Blue receiving a portion of Lunsford's (the company) gross revenue[59]. Blue, nor its members, owns any interest in Lunsford (the company) and therefore has no rights to, or controls over Lunsford's (the company) records or use of monies beyond that of confirming the gross revenue amounts. It was explained clearly to Ms. Mallamo during the January 19, 2012 phone conversation that Blue had no expenses[60], and that Blue investors could not be diluted.[61]

In summary, Investor monies are raised by Blue for the operating expenses of Lunsford (the company). The Division is investigating Blue, which has no revenues from Lunsford (the company), or any expenses per its rules and structure as clarified in conversation and in writing contained in the Operating Agreement. The conclusion to the forensic analysis on Blue should quickly be determined through its analysis of the documentation provided by Mr. Steiner and independently obtained (legitimately or otherwise) by the Division, that all accounting is in order. An unbiased analyst would study the rules of the company by which it has stated it intends to operate, then apply GAAP rules. In the case of Blue, zero revenue minus zero expenses equals zero. Any speculation on the use of money, which correctly should be attributed to Lunsford (the company), and beyond the scope of Blue and its well documented rules regarding its revenues and expenses, is outside the purview of the investigation and has no merit or relevance. The many speculative and salacious statements made by Mr. Gonzales throughout his testimony, about expenditures for Lunsford (the company), which he

[59] Division's Exhibit S-11, Section 6.2
[60] Division's Exhibit S-36, p. 35, line 11
[61] Division's Exhibit S-36, p. 31, line 11 – p. 32, line 20

inappropriately tried to tie to Blue in spite of the obvious documentation instruction, have no place in a "forensic" testimony. His statements should have been limited to fact-based statements without prejudice. Lunsford (the company) is not and never was selling securities, and was not being investigated, except through an unfounded overreach by the Division. It has no revenue, and the expense management is not in question by anyone who has claim to that information. The same applies to all other entities the Division has identified from the Blue investigation.

REBECCA FLOWERS

Rebecca Flowers purchased an interest in Blue, along with her late father. She testified for the prosecution at the Hearing. Prosecution attempted to make three disparaging points against the Respondents, 1) that Ms. Flowers didn't understand the investment relationships, 2) that she didn't know that investment monies for Lunsford (the company) were being used in part to pay Mr. Steiner's and Mr. Lunsford's personal expenses, have invested. and 3) that she was unaware of the TRO issued by the Division, and that had she known this information, she would not have invested.

Prosecution questioned Ms. Flowers understanding of the Blue investment and its relationship to Lunsford (the company). If fact her explanation during testimony represented a good understanding of the relationships between Blue and Lunsford (the company); it was clear that she had been properly informed. She also testified that she knew that investment monies into Blue were to pay for Lunsford (the company) expenses[62]. Ms. Flowers further testified that she met with Mr. Steiner many times after the investment. In her answer, Mrs. Flowers acknowledged that her financial advisor

[62] excerpts from footnote 62 and Tr. Vol. II p. 207 line 21

and her father were present for all her discussions with Mr. Steiner prior to the investment, and that her advisor participated in all requested appointments/meetings after the investment also[63]. Mr. Flowers further testified that she has had no displeasure with the investment.[64]

By the time Ms. Flowers made her investment in September 2012, the Respondents had answered the Division's claims regarding the securities violations by providing proof of exempt status per the preemptive Federal Statues identified previously in this Brief, the TRO had been expired having an effective life of 180 days, meaning it was no longer in effect, and therefore Blue's activities were not prohibited, and according to the law, people are presumed innocent.

HENRY CLAY

Mr. Clay purchased an interest in Blue, along with her late father. He testified for the prosecution at the Hearing.

Mr. Clay's testimony, while for the prosecution, stated that he had an accurate understanding of the relationship between Blue and Lunsford (the company), that he had known Boyd Lunsford for more than 40 years and had invested with him in other ventures. Mr. Clay mentioned that he had been observing Mr. Lunsford's and Steiner's activities for more than two years prior to investing.[65] Up to this time, conversations had been solely with his friend, Boyd Lunsford. Mr. Clay further testified that Mr. Steiner came to meet with him in Clovis, per the invitation of Boyd Lunsford. After their visit in

[63] Tr. Vol. II p.196 line 25-p.197 line 13 and p.197 line 20- p. 199 line 11
[64] Tr. Vol. II p. 224 lines11-17
[65] Tr. Vol. II p. 231 line 3-232 line 11

Clovis, and some months later, after additional consideration, Mr. Clay made his investment into Blue.

In spite of efforts by the prosecution to confuse the witness (Mr. Womack introduced an investment – completely unrelated to this case - between Boyd and Mr. Clay long before Mr. Steiner ever new either person - a fire extinguishing business), it is clear that Mr. Clay had a well-founded understanding of the investment. He observed the activities of Blue for years, communicated with Boyd and Mr. Steiner on many occasions, considered the investment for months prior to investing. Yet somehow the prosecution expects the court to believe that Mr. Clay was not properly prepared to make his investment.

Again, the prosecution introduced the TRO (Temporary Restraining Order) it served Blue in February 2012, which had expired per the terms of the TRO, 180 days later. Mr. Clay testified that he was unaware of the TRO, but when he learned of its existence, he spoke to Mr. Steiner and concluded that he "saw no problem with it" and that "nothing was out of line," and that he was not concerned about it.[66] It should be noted that the Division, in addressing the TRO and its other securities claims against Respondents with Mr. Clay, it failed to inform, or omitted the facts that the TRO had expired, and that Mr. Steiner had responded timely to the Division's securities violations accusations. The Division intentionally misled Mr. Clay as to the facts of this case in order to have him participate as a witness for the Division. His testimony supports the clarity and thoroughness of the actions of the Respondents.

[66] Tr. Vol. II p. 243 lines 1-14

WITNESSES FOR RESPONDENTS

The Respondents introduced several witnesses for its defense, none of which were paid employees of Blue or any of its business relationships participating in ongoing projects. The list of witnesses included multiple investors and project owners for projects in both Africa and Latin America. The purposes of providing the witnesses presented by the defense were to let the Commission know unequivocally:

1. That no investor fraud was perpetuated - that investors understood the monies invested into Blue were to be used for operating/business expenses for Lunsford (the company). All witnesses, including those testifying for the Division, stated such understanding. Even at the Division's attempt to deny that "wages", "salaries", and "other compensation" is part of the "definition" of business/operating expenses, investors generally understood that Mr. Steiner committed his full employ to the activities of Lunsford and Blue. In fact, no witnesses could identify any other employment for Mr. Steiner. The tedious and often insulting questioning by the Division did not produce consistent information that would persuade an unbiased observer that there were any omissions of material information or failure to share proper information by Blue, and therefore no fraud.
2. That no fraud was perpetuated with regard to its projects or its government and well-positioned relationships – the project and relationships are real and do exist. Mr. Businge Katenta and Sid Shreeve, both project owners, testified to the legitimacy and quality of relationships in China. Both also testified that the

successful completion of their projects were dependent upon those relationships. It should be noted that the Division objected to these witnesses, stating irrelevance, yet one of its claims against the Respondents is fraud. Then in continued conflict, the Division refers to Respondents' business as "purported[67]".

Some of the investors that testified and other investors that did not testify at the Hearing submitted letters to the Commission requesting that the Division terminate its pursuit of the Respondents, (letters are posted in the public portion of the Commission's/Division's website) fearing that such interference would jeopardize their investment, something the Division has vowed to protect.

It is the opinion of the Respondents, with significant evidence to prove such an opinion, that the Division was independently pursuing one of the investors of Blue, Mr. Rolf Heartburg, on separate and unrelated allegations. During its pursuit, the Division discovered that Mr. Heartburg participated as an investor in Blue. The Division initiated a sting operation against Mr. Heartburg, believing it could catch him selling securities without being properly licensed. The Division pursued its sting operation by having Ms. Weiss impersonate the fictitious Ms. Mallamo, who contacted Mr. Heartburg. Mr. Heartburg is not an employee or representative of any kind for Blue. His sole involvement and participation with Blue is as an investor. Mr. Heartburg did not "bite" on the "bait," but instead appropriately referred the "interested party" to Mr. Steiner.

The Division made the jump from investigating Mr. Heartburg to investigating Blue and Respondents without evidence or cause of any sort. When Sue Painter complained in her testimony that the Division was badgering her at her home (to the

[67] Securities Post-Hearing Brief dated June 23, 2014 p. 3 Section B

extent she sought council from her son-in-law and others on how to deal with it) and offering her compensation to testify, Mr. Womack, attempting to offer clarity to the situation and perhaps to limit exposure of the Division's practices, referenced another lawsuit[68]. The "other lawsuit" was an action in which the Division is participating in against Mr. Heartburg.

The Division had no basis to continue its sting operation or to refocus it on Blue and Steiner. There were no complaints or evidence of any kind that Blue or Steiner were engaging in any activity that warranted an investigation.

The Division illegally pursued Blue and Steiner. In so doing, it infringed upon and violated Steiner's Federal and States constitutional rights. It imposed great burden and hardship on Steiner, damaging him financially in reputation and otherwise, of which he may never be able to fully recover.

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[68] Tr. Vol. III p. 426 line 16. The context of the conversation can be identified beginning on page 424 line 15 of the same reference.

CONCLUSION

The Division has over the course of nearly three years, enlisted two prosecutors, at least two investigators, two Administrative Law Judges, considerable financial expense to the citizens and taxpayers of Arizona and countless other resources in its efforts to find Blue and Mr. Steiner guilty of some offense in which it could fine Blue and limit Steiner's ability to continue to operate in his chosen profession.

Respondents have provided sufficient evidence, testimony and fact in answer to the claims of the Division against Blue and Mr. Steiner (those under investigation), and as such, the Commission should rule in favor of the Respondents, finding no fault in any of the Respondents.

The Hearing further produced substantial evidence as follows:

1. Respondents are exempt from registering its offering and from selling its securities through registered or licensed salesmen or dealers as per the United States Securities Act of 1933, as amended, Section 18 titled "Exemption from State Regulation of Securities Offerings", subsection (a) titled "Scope of Exemption" referring to a "covered security" as defined in the Act under section 18(b) as previously stated in this Brief.
2. Respondents, selling a "covered security," complied with Securities Exchange Commission (SEC) Rule 506, pertaining to "accredited investors" as defined in SEC Rule 501, and to "unaccredited investors" as to the knowledge requirements and the number of unaccredited investors being less than 35, as stated previously in this Brief. Blue's Operating Agreement also details that the

investors consider themselves knowledgeable and qualified to participate in the investment, as stated previously in this Brief.

3. Respondents did not commit any type of fraud, either by misrepresenting its relationships for the projects or by failing to fully disclose or by omitting necessary information relating to Blue's investment purpose, its relationship to Lunsford (the company), Lunsford's (the company) relationship with foreign companies and/or government officials. Ample documentation and testimony by investors and project owners proved that investors had sufficient and accurate knowledge pertinent to Blue, and that Steiner had met all information disclosure requirements. As Blue's manager, Steiner kept accurate records for Blue – Steiner accurately documented records of investor participation, he regularly reported the activities of Lunsford (the company) for which Blue was dependent upon for its revenue, and he managed the very limited accounting records according to the direction and rules of the Blue Operating Agreement, which stated that no expenses existed for Blue.
4. The Division unlawfully engaged in its investigation of the Respondents. No evidence of any kind whatsoever was produced to initiate an investigation.
5. The Division prematurely issued its TRO against Respondents, having no basis or legal evidence in which to act – no initial evidence, no basis to act.
6. When the Division unlawfully issued its TRO it infringed on Respondents' Federal and State Constitutional Rights.

7. The Division and its investigator/employee committed perjury in testimony, material to the basis of the investigation and to the Respondents substantial detriment, financial, reputation and otherwise.
8. The Division through its investigator/employee committed a felony (ARS 13-2008.A *Supreme Court ruling on* Mapp against Ohio *and other court rulings*) by knowingly impersonating a fictitious person or entity with the intent to cause loss - as stated more completely, previously in this Brief.
9. The Division overreached its authority by conducted a biased forensic audit on Lunsford (the company) and Second Opinion Solutions, LLC, neither of which are or were under investigation by the Division. The Division disregarded material information and clear documentation explaining the "use" of monies invested in Blue. Blue had received no revenue and could incur no expenses – information obtained by the Division very early in its unwarranted investigation through the collection of the Operating Agreement, through phone calls and written communications between Ms. Mallamo and Mr. Steiner, and through the EUO's conducted by the Division; no audit should have ever been ordered or performed.
10. The Court has determined that it must first consider the impact of the Supreme Court ruling on Mapp against Ohio before it can render a decision on the Respondents' case.
11. The Court acknowledged that certain alleged activities related to the Division offering some financial compensation to one or more witnesses if they would

testify against the Respondents is beyond the jurisdiction of this court[69]. Such a potential interference and possible illegal act could have significant adverse impact on the Respondents and should be concluded prior to rendering a decision on this case. It should be noted that other investors acknowledge the same treatment and monetary compensation from the Division. There is at least one person other than Sue Painter who has provided an affidavit along with written proof that the Division attempted to make these concessions to investors. It is available if the Commission chooses to consider this information material to the outcome of this case.

12. The Division uses (possibly abuses) its authority to intimidate and pressure citizens as a means to an end, to accomplish its purposes regardless of facts and truths.

Based upon the evidence admitted during the Administrative Hearing, the Respondents respectfully request this tribunal to:

A. Summarily dismiss this case and exonerate all Respondents as per requested at the onset of this investigation due to the lack of evidence and consequently the premature issuance of the TRO.

B. Summarily dismiss this case and exonerate all Respondents based on the fact that the Division's initiating evidence does not exist, or at least was never produced, submitted or admitted as evidence in this case.

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[69] Tr. Vol. III p. 424 line 15-23

C. Summarily dismiss this case and exonerate all Respondents based on the adverse effect of each of the separate and individual items 4 – 9 stated above, for violations and offenses committed by the Division and/or its employees and/or agents,

D. Summarily dismiss this case and exonerate all Respondents based on the adverse effect of the combination of items 4 – 9 stated above, for violations and offenses committed by the Division and/or its employee and/or agents.

E. If the Commission chooses not to summarily dismiss this case for any or all of the above stated reasons, it must refrain from issuing an adverse decision for Respondents until each of the separate and individual items, 10 and 11, are resolved per the appropriate statutes and/or laws.

F. Properly consider and take the necessary legal, civil or internal actions against the Division and its employees and agents, namely Mr. Stephen Womack, Ms. Annalisa Weiss and Mr. Ryan Millecam, for the willful, intentional and unintentional violations, offenses, and abuses of power committed in their reckless pursuit against the Respondents.

G. Order the appropriate disciplines commensurate with the violations and offenses to Mr. Stephen Womack, Ms. Annalisa Weiss and Mr. Ryan Millecam to remedy the injustices imposed against the Respondents.

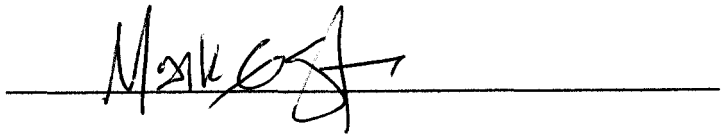
H. Order Mr. Stephen Womack, Ms. Annalisa Weiss and Mr. Ryan Millecam to pay restitution to the taxpayers and citizens of Arizona equal to the cost of this investigation plus a $50,000 administrative penalty.

I. Order Mr. Stephen Womack, Ms. Annalisa Weiss and Mr. Ryan Millecam to pay individually and/or collectively a fine for punitive damages to Respondents in the amount of up to $250,000.

J. Order any other relief to Respondents this tribunal deems appropriate or just.

K. Review current procedures and oversight policies and implement necessary adjustments to ensure the Division and its personnel stays within lawful bounds of its authorized activities.

RESPECTFULLY SUBMITTED December 1, 2014.



Representing

Out of the Blue Processors, LLC, Mark Steiner and Shelly Steiner

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